

### **FINDINGS 3:**

The Committee found that in 2007, as the sub-prime mortgage market began to implode and the foreclosure rate skyrocketed nationally, North Carolina again took the lead among the states by enacting a number of measures designed to help protect homeowners and borrowers. One of the measures, (HB 1374 - *Protect Homeowners/Reduce Foreclosure*) created new requirements for mortgage debt collection and servicing. The law restricts the amount and conditions under which the servicer may assess fees, and imposes obligations on the servicer to maintain records and requests for information from the borrower and to provide timely responses to the borrower. The new law became effective April 1, 2008. However, the Committee found that several technical and clarifying changes were needed.

### **RECOMMENDATION 3:**

The House Select Committee on Rising Home Foreclosures recommends that the General Assembly enact

#### **A BILL TO BE ENTITLED**

**AN ACT TO REQUIRE THAT ANY FEE INCURRED BY A HOME LOAN SERVICER BE CLEARLY AND CONSPICUOUSLY EXPLAINED TO THE BORROWER WITHIN 30 DAYS AFTER THE FEE IS ASSESSED, TO CLARIFY THAT THE SERVICER IS NOT REQUIRED TO SEND A STATEMENT TO THE BORROWER UNDER CERTAIN CIRCUMSTANCES, AND TO PROVIDE THAT A SERVICER IS NOT REQUIRED TO PROVIDE NOTIFICATION TO THE BORROWER IF A PARTIAL PAYMENT IS ACCEPTED AND CREDITED IN ACCORDANCE WITH A WRITTEN AGREEMENT.**

(See, Proposed Legislation, page 10)

### **FINDINGS 4:**

The Committee heard from several speakers who testified that efforts by homeowners and others acting on their behalf to avoid foreclosure when the homeowner becomes delinquent in payments were being undermined in some cases by mortgage loan servicers. The Committee found that, like mortgage brokers and mortgage bankers, mortgage servicers play an important role in the mortgage lending industry. The Committee further found that proper regulation of the industry requires that mortgage servicers be supervised in a manner similar to that currently provided for mortgage brokers and mortgage bankers.